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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 27, 2002

APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY
D/B/A DOMINION VIRGINIA POWER

CASE NO. PUE-2001-00154

For a certificate of public convenience
and necessity for facilities in Loudoun
County: Beaumeade-Beco 230 kV
Transmission Line and Beaumeade-
Greenway 230 kV Transmission Line

**ORDER GRANTING APPROVAL
AND REMANDING FOR FURTHER PROCEEDINGS**

On March 15, 2001, as revised on March 23, 2001, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Virginia Power" or "Company") filed an application for approval and certification of electric facilities in eastern Loudoun County. Virginia Power asserts that its existing distribution facilities will be inadequate to serve its projected loads reliably after 2002. Thus, the Company seeks approval and certification, pursuant to §§ 56-265.2, 56-46.1, and related provisions of Title 56 of the Code of Virginia ("Code"), to construct and operate two single-circuit 230 kV transmission lines, which are herein referenced as the Beco Line and the Greenway Line. Virginia Power plans to build two new substations – a Beco Substation and a Greenway Substation. The proposed transmission lines will connect each substation to the existing Beaumeade Substation.

On April 9 and 12, 2001, the Commission issued orders docketing this case, establishing a procedural schedule for the filing of prepared testimony and exhibits, scheduling hearings, directing

Virginia Power to provide public notice of its application, and appointing a Hearing Examiner to conduct further proceedings. On July 16, 2001, Virginia Power amended its proposal concerning the Beco Line. On July 19, 2001, a public hearing was convened at the Loudoun County Government Center, 1 Harrison Street, S.E., Leesburg, Virginia, for the purpose of receiving public comment. Twenty-nine public witnesses presented testimony at the hearing. Guy T. Tripp, III, Esquire, appeared on behalf of Virginia Power. Michael J. Quinan, Esquire, appeared on behalf of DuPont Fabros Development ("DuPont Fabros") and Cameron Chase Homeowners Association ("Cameron Chase"). Wayne N. Smith, Esquire, appeared on behalf of Commission Staff.

On October 3, 4, 5, and 9, 2001, public hearings were convened in Richmond for receiving evidence. Guy T. Tripp, III, Esquire, James C. Dimitri, Esquire, Renata Manzo, Esquire, and Jill C. Hayek, Esquire, appeared on behalf of Virginia Power. Michael J. Quinan, Esquire, appeared on behalf of DuPont Fabros and Cameron Chase. Charles L. Shumate, Esquire, appeared on behalf of the City of Fairfax ("City"). Patrick O'Hare, Esquire, appeared on behalf of WorldCom Inc., DullesGateway Associates, LLC, TAB I Associates, LLC, Beaumeade Associates Limited Partnership, North Dulles Retail Associates, LP, Dulles-Berry Limited Partnership, and Boston Properties, L.P. (collectively, "WorldCom group"). Thomas B. Nicholson, Esquire, and Mark C. Looney, Esquire, appeared on behalf of Broadlands Associates ("Broadlands"). Cliona Robb, Esquire, appeared on behalf of the Northern Virginia Regional Park Authority ("Park Authority"). Lawrence E. Kelly, Esquire, appeared on behalf of the Loudoun County Board of Supervisors ("Loudoun County"). Sherry D. Soanes, Esquire, appeared on behalf of the Islamic Saudi Academy, Inc. ("Islamic Academy"). Matthew D. Pethybridge, Esquire, appeared on behalf of Regency Homeowners Association, Inc. ("Regency"). Wayne N. Smith, Esquire, and Rebecca Hartz, Esquire, appeared on behalf of Staff.

The participants subsequently filed briefs and reply briefs. On January 25, 2002, Hearing Examiner Alexander F. Skirpan, Jr., entered a Report in which the Examiner summarized the record, analyzed the evidence and issues in this proceeding, and made certain recommendations, including that the Company's application should be granted pursuant to the findings in his Report. The parties subsequently filed comments on the Examiner's Report.

NOW THE COMMISSION, having considered the record, the pleadings, the Hearing Examiner's Report, the comments filed in response thereto, and the applicable law, is of the opinion and finds as follows.

The Examiner determined that Virginia Power established the need for the proposed transmission facilities. For example, the Examiner explained that the Company's load forecasts are supported by historic results, Loudoun County planning documents, and the development plans provided by various parties to this case. We agree that Virginia Power has established the need for the Beco and Greenway Lines.

We adopt the Examiner's finding that the Beco Line should follow the route proposed by Virginia Power, as revised on July 16, 2001. We find that such route satisfies §§ 56-265.2 A and 56-46.1 of the Code. The route of the Greenway Line engendered significant controversy in this case, and we are mindful of the concerns of those that will be impacted by these lines. There were several routes proposed for the Greenway Line. The Examiner's Report discusses these routes and narrows the choice to two options, which are referred to as Segment 19 and Segment 20-a.

We will require the Greenway Line to follow Segment 20-a, as discussed herein. We note that Virginia Power originally supported Segment 19, but now accepts the Examiner's recommendation of Segment 20-a. WorldCom group, however, strongly opposes Segment 20-a. WorldCom group

asserts, among other things, that Segment 19 is shorter and less costly, will have no impact on wetlands or other waters of the United States, and will have no impact on the Washington and Old Dominion Trail ("W&OD Trail"). WorldCom group explains that Segment 20-a will adversely impact certain commercial properties. WorldCom group also claims that the Examiner ignored the impact of Segment 20-a on WorldCom group's properties.

The Examiner found, however, that Segment 20-a best satisfies the legal standards of §§ 56-265.2 A and 56-46.1 of the Code. The Examiner explained that Segment 20-a is supported by the Loudoun County Board of Supervisors and is more consistent with local planning and zoning. The Examiner also stated that Segment 20-a will follow existing easements.¹ The Examiner concluded that Segment 20-a reasonably minimizes adverse impact on scenic assets, historic districts, and environments of the areas concerned. The Examiner determined that Segment 19 will have a significant and detrimental visual impact on existing homes and businesses, but Segment 20-a will not impact any existing homes and should be able to take advantage of terrain and vegetation to lessen its impact on scenic assets.

Although we will not discuss here all of the concerns expressed by each party regarding the proposed routes, we have considered and weighed the relevant factors raised in this proceeding. We also have considered and weighed the factors set forth in §§ 56-265.2 A and 56-46.1, factors that are, to a large extent, interrelated and overlapping. We have reviewed all alternative proposals. We have fully considered the adverse impact of Segment 20-a, including its impact on the WorldCom group.

¹ Virginia Power, in its comments on the Examiner's Report, asks the Commission to clarify that we are not requiring a deviation from the published route for Segment 20-a. Specifically, Virginia Power is concerned that the Examiner's discussion of Segment 20-a may reflect a deviation related to the route along a sewer easement. As requested by the Company, we clarify that the Commission is not requiring a deviation from the published route for Segment 20-a related to the referenced sewer easement.

Likewise, we have considered the impact of Segment 19 on existing homes and businesses. As found by the Examiner, Segment 19 will have a significant and detrimental visual impact on existing homes and businesses. Segment 20-a will not impact any existing homes and should be able to take advantage of terrain and vegetation to lessen its impact on scenic assets. Contrary to the WorldCom group's suggestion, however, the selection of Segment 20-a does not represent an inherent bias in favor of residential property owners over commercial property owners.

Rather, consistent with the Examiner's finding, we conclude that Segment 20-a best meets the Company's need to maintain adequate reliability of service, while best satisfying the legal standards of §§ 56-265.2 A and 56-46.1 of the Code. WorldCom group notes that Segment 19 is shorter and less expensive. Such individual criteria, however, are not dispositive. We have considered each statutory criterion on an individual basis and as part of the whole, in light of all the relevant statutory criteria and with regard to other concerns raised by the parties and public witnesses. In addition, as noted by the Examiner, Segment 20-a is more consistent with local planning and zoning, reasonably utilizes certain existing easements, and reasonably minimizes adverse impact on scenic assets, historic districts, and environments of the areas concerned.

Having approved Segment 20-a for the Greenway Line, including routing this segment along the W&OD Trail, we now address the specific placement of facilities along the W&OD Trail. The Park Authority requests that Virginia Power: (1) utilize a looping structure; or (2) place facilities south of the existing transmission lines that currently are on the W&OD Trail. The Examiner found that the Company should choose one of these two options, and that these options would mitigate the impact on the W&OD Trail. Virginia Power, in its comments on the Examiner's Report, recommends a third alternative for the W&OD Trail. This alternative would place the new poles approximately twenty (20)

feet inside the northern boundary of the Company's existing right-of-way. Virginia Power claims that this will provide greater reliability of service and better utilize the existing right-of-way. The Company also explains that this third alternative is virtually identical to the route for this portion of the line to the Beco Substation as originally proposed by the Company.

The City supports placing transmission facilities south of the existing transmission lines along the W&OD Trail. The City requests that the Commission preclude consideration of any new alternative proposed by Virginia Power that was not fully the subject of these proceedings; the City asserts that to permit otherwise would make the time-consuming and costly exercise over the past several months somewhat pointless. The Park Authority opposes placing transmission facilities along the northern portion of the W&OD Trail, explaining that this is much more likely to harm the City's water transmission main and the interests of the Park Authority. The Park Authority further states that if the Commission finds insufficient evidence in the record as to the looping option or construction south of the existing lines, then the Commission should remand this case for further proceedings.

We find that the parties should more fully address the alternatives for placement of transmission facilities along the W&OD Trail. Accordingly, we will remand this case to the Hearing Examiner for further proceedings to address the specific placement of transmission facilities for the Greenway Line along the W&OD Trail. We agree with Virginia Power and reject a looping option for the Greenway Line. Although we grant approval today for the construction and operation of new transmission lines, including along the W&OD Trail, Virginia Power shall not construct, enlarge, or acquire any transmission facilities along the W&OD Trail pending further order of the Commission that determines the specific placement of such facilities.

Loudoun County requests that the Commission's approval of the Greenway Line be made subject to the County's approval of the Greenway Substation. Broadlands also argues that the Commission should not give final approval to the Greenway Line until the County approves the substation. Virginia Power opposes this condition. The Examiner found that the Commission's approval of the Greenway Line should be subject to the condition that Virginia Power obtain approval for the Greenway Substation from Loudoun County. Virginia Power acknowledges that County approval is required for the substation, and that there is no reason to build the Greenway Line without the substation. Accordingly, the certificate that we are ordering herein for the Greenway Line will be subject to the condition that Virginia Power obtain approval for the Greenway Substation from Loudoun County.

The Park Authority requests that Virginia Power work with the Park Authority to minimize the impact of the proposed lines, and Virginia Power has agreed to confer with the Park Authority. As a condition of the certificate, we will require Virginia Power to confer with the Park Authority to minimize the impact of the Beco and Greenway Lines.

The City requests that the Commission's final order incorporate the letter agreement between the City and Virginia Power, dated October 2, 2001 (Fairfax Exhibit 38). The City's water pipeline is located along the proposed transmission route. In the letter agreement Virginia Power agrees, among other things: (a) to conduct no blasting operations; (b) to provide the City with copies of all construction and installation plans and schedules; (c) to provide the City fifteen business days' notice before commencing construction; (d) to permit the City to monitor construction; (e) to permit no heavy equipment to cross over the water line, except on public roads; and (f) to engage in no excavation or

grading over the water line. We will require, as a condition of the certificate, that Virginia Power comply with the letter agreement.

The Department of Environmental Quality ("DEQ") prepared a report that includes recommendations designed to mitigate the environmental impact of the proposed transmission lines. The Examiner noted that, generally, Virginia Power agreed to the DEQ's recommendations. The Company, however, objected to the DEQ's request that the Department of Conservation and Recreation ("DCR") assist in the Company's inventory of rare plant species and develop specific recommendations for minimizing impacts to these rare plants. Virginia Power claims that it routinely surveys for state and federally protected plant and animal species, but that the DEQ's request goes beyond the scope of such surveys. The Examiner found that the DEQ's recommendations, including the assistance of DCR, should ensure that the proposed transmission lines minimize adverse environmental impact as required by § 56-46.1 A. The Examiner determined that Virginia Power should contact DCR for assistance in conducting a survey for rare plants prior to construction. The Examiner noted that the Commission has directed surveys of rare plants in other Virginia Power cases (citing Case No. PUE-1996-00115, where the Commission approved Virginia Power's transmission facilities from Chickahominy-Darbytown to the White Oak Substation). Consistent with the Examiner's findings, we will require Virginia Power to comply with the DEQ's recommendations to the extent practicable, and to consult with DCR prior to construction regarding the survey of rare plant species.

Broadlands requests the Commission to continue this matter until the Company completes studies of the additional facilities required in eastern Loudoun County, in that it is the Company's stated goal and part of its overall plan to extend its transmission network into eastern Loudoun County from the Company's existing transmission network west of Goose Creek. Broadlands contends that the

record conclusively demonstrates that this case is interrelated and interdependent with the Company's anticipated Phase II transmission facility application for this area. Broadlands also states that the Commission should not give final approval in this case until the Company has presented its Phase II application and the Commission has had an opportunity to evaluate the impact of the Greenway Line on that application. The Examiner rejected the request to stay this proceeding. The Examiner found that the design and placement of transmission lines in this case does not limit the options available for future facilities the Company may propose. We reject Broadlands' request to continue this case. As discussed above, Virginia Power has established sufficient need to warrant construction of the Beco and Greenway Lines.

Broadlands requests the Commission to direct Virginia Power not to design the Beco Substation so as to limit a possible network configuration later through Beco. In this regard, we note that our approval of transmission facilities in this case is not intended to limit options in any subsequent proceeding involving additional transmission lines. Any issues that arise in a future case will be addressed therein. Broadlands also requests that the Commission direct Virginia Power to preserve all studies and underlying documents for any of the Company's positions stated at the hearing in this case, for future consideration in a subsequent proceeding. We find that this requirement is unnecessary; we fully trust that Virginia Power will preserve all relevant documents.

Finally, under § 56-46.1 C of the Code, Virginia Power is required to provide adequate evidence that existing rights-of-way cannot adequately serve its needs. In this regard, the Examiner found that existing rights-of-way cannot adequately serve the needs of the Company. We agree.

Accordingly, IT IS ORDERED THAT:

(1) This case is remanded to the Hearing Examiner for further proceedings limited to the specific placement of transmission facilities for the Greenway Line along the W&OD Trail.

(2) Virginia Power is authorized to construct and operate two single-circuit 230 kV transmission lines in Loudoun County as provided for in this Order. The route for each line shall be as set forth in this Order, and the placement of transmission facilities along the W&OD Trail will be determined by subsequent order of the Commission in this proceeding.

(3) Virginia Power shall not construct, enlarge, or acquire any transmission facilities along the W&OD Trail pending further order of the Commission in this proceeding.

(4) Pursuant to §§ 56-265.2, 56-46.1, and related provisions of Title 56 of the Code of Virginia, Virginia Power's application for a certificate of public convenience and necessity to construct two single-circuit 230 kV transmission lines in Loudoun County is granted as set forth in this Order, and otherwise is denied.

(5) Pursuant to the Utility Facilities Act, Chapter 10.1 (§§ 56-265.1 et seq.) of Title 56 of the Code of Virginia, Virginia Power is issued the following certificate of public convenience and necessity:

Certificate No. ET-91n which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate presently constructed transmission lines and facilities in Loudoun County, all as shown on the detailed map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2001-00154; Certificate No. ET-91n will cancel Certificate No. ET-91m issued to Virginia Electric and Power Company on March 22, 1989.

(6) Within thirty (30) days from the date of this Order, Virginia Power shall file with the Commission's Division of Energy Regulation two copies of an appropriate map that shows the routing of the transmission lines approved in this Order. Upon final order of the Commission in this case, which

will determine the placement of the facilities along the W&OD Trail, Virginia Power will be directed to submit a more detailed map or other document showing the location of facilities along the W&OD Trail.

(7) The certificate granted in this case for the transmission line connecting the existing Beaumeade Substation to the proposed Greenway Substation is conditioned on Virginia Power's receipt of approval from Loudoun County to construct the Greenway Substation.

(8) As a condition of the certificate granted in this case, Virginia Power will confer with the Northern Virginia Regional Park Authority to minimize the impact of the transmission lines. Any matters that these parties are unable to resolve shall be referred to the Director of the Commission's Division of Energy Regulation.

(9) As a condition of the certificate granted in this case, Virginia Power will comply with the letter agreement, dated October 2, 2001, entered into by Virginia Power and the City of Fairfax (Fairfax Exhibit 38).

(10) As a condition of the certificate granted in this case, Virginia Power will comply with the recommendations prepared by the Department of Environmental Quality to the extent practicable, and this includes consulting with the Department of Conservation and Recreation prior to construction regarding the survey of rare plant species. If Virginia Power determines that any recommended action is not practicable, it shall refer such matter to the Director of the Commission's Division of Energy Regulation.

(11) As a condition of the certificate granted in this case, the transmission lines must be constructed and in-service by January 1, 2006; however, Virginia Power is granted leave to apply for an extension for good cause shown.

(12) This matter is continued.

